also look at supply. That is what the President is focused on. We should develop the leases we have already let that are currently in existence. We should be sure they are being diligently developed and take every step possible to ensure that.

Third, if companies have the ability and the desire to develop more leases on the Outer Continental Shelf, we should accelerate leasing in areas that are not covered by the moratoria, and there are a lot of them, as I think these charts have made clear. There are a lot of areas outside the moratoria that could be leased under current law.

Finally, if the administration knows of particular areas they believe have great promise and would like us to go ahead and open to leasing and that currently are not covered, I would be anxious to have them present the evidence and tell us what those are. We put a provision in the 2005 Energy bill, which many of us worked on, calling for a comprehensive inventory of OCS oil and natural gas resources. It called on the Secretary to do that. The Secretary did do a report, an inventory. He gave it to us in 2006. Unfortunately, what we said in the legislation was that the Secretary should use all available technology, any technology except drilling, including 3–D seismic technology, to obtain accurate resource estimates. The administration chose not to do that. They did not ask us for the funds to do that. So the report they gave us in 2006 does not have the benefit of any 3–D seismic survey. I think if the President believes, and if the Minerals Management Service within the Department of the Interior believes, there are areas that are currently covered by a drilling ban that have great promise, then they should come forward and at least ask for the resources to go ahead and complete the survey they were directed to do in section 357 of the 2005 Energy bill.

There is a lot of progress we can make on a bipartisan basis. We need to quit suggesting that the solution to high gas prices is taking what has always been a Federal decision—that is, who is going to have access to the Outer Continental Shelf and under what circumstances—and give it to the State legislatures and Governors. That would be a major mistake. I hope we do not go that route. There are things we can do on speculation. There are things we can do on demand reduction. There are things we can do on increased supply which I hope will help alleviate this very real problem Americans are faced with.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

ORDER OF PROCEDURE

Mr. DORGAN. Mr. President, how much time remains on this side?

The ACTING PRESIDENT pro tempore. Ten minutes.

Mr. DORGAN. Mr. President, I ask unanimous consent to add 5 minutes to our side and 5 minutes to the Republican side.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. ALEXANDER. No objection.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ENERGY SPECULATION

Mr. DORGAN. Mr. President, my colleague, Senator BINGAMAN, the chairman of the Energy Committee, was talking about a very important subject. Almost no American at this point can escape the consequences of what is happening with respect to our energy markets: the cost of gasoline, the cost of oil, its impact on drivers, its impact on truckers, airlines, and farmers. It is pretty unbelievable.

I have come to the floor today to talk about a bill that was introduced last evening, S. 3268, by the majority leader, Senator REID. I have been working with Senator REID—and many others have worked with him as well—to construct a piece of legislation dealing with excess energy speculation. I am convinced that dealing with excess speculation will put downward pressure on oil and gas prices.

Now, I introduced a piece of legislation in June called the End Oil Speculation Act of 2008. I have also been speaking on the issue of excess speculation in the energy markets for several months on the floor of the Senate. I have been very pleased to work with Senator REID and others, and I am pleased with the result of the piece of legislation Senator REID has introduced with my cosponsorship and others. It embodies most of that which was included in the legislation I had previously introduced in the Senate.

I wish to talk about why this is important. Now, I understand there are some people who scoff at this saying: Well, do you know what, there is no excess speculation. If we are going to deal with the energy issue, we have to drill, drill, drill.

We can drill. I support drilling. But the fact is, you can put a drill bit in the ground today, and you are not going to do one thing with respect to gas and oil prices. That is 2 years, 5 years, 10 years off. The question is, What do you do about what is happening today with excess speculation in these markets?

Now, excess speculation is not new. It has happened in other markets, and it sometimes breaks the market. When the market is broken, there is a responsibility, in my judgment, to take action.

So let me describe what I think we face. I also want to talk for a moment about this new piece of legislation we introduced last evening, which I fully support. I am sure waves of opponents will come to the floor and certainly come to offices around this Capitol Building and try to defeat it.

First of all, I have shown this many times: Fadel Gheit has testified before our Energy Committee. For 30 years, Mr. Gheit has been a top energy analyst with Oppenheimer & Co. Here is what he says:

> There is absolutely no shortage of oil. I'm absolutely convinced that oil prices shouldn't be a dime above $55 a barrel.

What he means is there is unbelievable excess speculation in the oil futures market. He says:

> I call it the world's largest gambling hall . . . It's open 24/7 . . . Unfortunately it's totally unregulated . . . This is like a highway with no cops and no speed limit, and everybody's going 120 miles per hour.

So you wonder, is there excess speculation going on that has driven the price of oil and gas up like a Roman candle? Well, according to a study that was done by the House Subcommittee on Oversight, in the year 2000, 37 percent of the people in this market were speculators. Now it is 71 percent of the people in these energy markets who are speculators.

Well, how does that happen? We have a regulator: the Commodity Futures Trading Commission. They are supposed to wear the striped shirts like referees at a basketball or football game. They wear the striped shirts and have a whistle, except these folks forgot to put on their shirt and don't know how to blow a whistle. They are not interested in being a referee. They say: Whatever happens, happens.

Mr. Lukken, the Acting Chairman of the CFTC, says: Everything is fine: ''Based on our surveillance efforts to date, we believe that energy futures markets have been largely reflecting the underlying fundamentals of these markets,'' which means there is no excess speculation here. That is from the top regulator.

From the Secretary of Energy, Sam Bodman, last month: There's no evidence we can find that speculators are driving futures prices [for oil].

Oh, really? Let me show you this chart. This is a chart by the Energy Information Administration. We fund that agency with $100 million a year. These are the folks who make projections. Take a look at every one of these projections for the last year, as shown on this chart: In May of 2007, here is what they said the price of oil would be. In July of 2007, here is what they said the price of oil would be. In November of 2007, here is where the price of oil would go. Yet here is where the price actually went: straight up.

Why were they so wrong? Because this is not about supply and demand. It is about an orgy of speculation—unbelievable excess speculation—that has driven this market like this.

Now, we can ignore all this. You can pretend it does not exist. But every bubble bursts. We know that. The question is, when? In the meantime, how much damage will be done to this country's economy? How much damage to the airline industry, the trucking industry, to farmers, to families trying to figure out: How do I borrow enough money to fill the gas tank in order to drive to work?

So here is what the legislation will do that we have introduced. As I describe this, let me say this: There are a lot of press conferences around here talking about what we have to do. I support all of it. In fact, Senator BINGAMAN, myself, Senator DOMENICI, and Senator Talent were the four original cosponsors of legislation of opening lease 181 in the Gulf of Mexico. That is now done. That is law. I support drilling offshore. I demonstrated that by the lease 181 position.

I do not support drilling everywhere. And if drilling is our answer every 20 years, that is called yesterday forever. I am much more interested in doing a lot of everything: conservation, efficiency, drilling, especially renewables, and I am especially interested in something that is game changing. What I would like to do, on an emergency basis, is put in place something that 10 years from now will allow us to understand we are using energy in a very different way, and we do not need so much oil from Saudi Arabia, Kuwait, Iraq, and Venezuela.

But that is not what some would have us do. The whole issue—the master narrative—for them is: You have to drill, you have to drill, you have to drill right now. Some of the same people who talk about that ignore the growing bubble in the oil futures market that has driven up the price of oil double in 1 year.

Now, I ask anybody in this Chamber to provide me and the American people with anything that has changed with supply and demand that justifies the doubling of price in 1 year. They will not do it because you cannot do it. I had one of the top people on Wall Street, from one of the biggest firms on Wall Street, come to see me. He is one of these guys that talked so fast, when he was finished talking, I was out of breath. He could not answer the question when he came to my office, and he could not answer the question when he left my office.

What has happened with respect to supply and demand that justifies the doubling of the price of oil in 1 year? The answer is: Nothing has happened in supply and demand in the last year. What has happened is this unbelievable rush of new money into these futures markets through speculators. Now, what is a speculator? First of all, these markets are very important. We had a futures market established in 1936 for a very important reason. Those who are trading—that is producers and consumers—a physical product need to be able to hedge their risks. But a substantial portion of that which is now in those futures markets is not about hedging risk by producers and consumers of a physical product. It is about people who have no interest in the product. They have interests in exchanging contracts for the purpose of making money, and they have driven up these prices in a very dramatic way.

So let me describe what we propose to do. We propose to have a regulatory agency—one that so far has been dead from the neck up—do the following things: No. 1, distinguish between legitimate hedging—that is, hedging between producers and consumers of a physical product in order to hedge risk—distinguish between that and all other trades which are purely speculative trades having nothing to do with what the product is. They are just interested in making money with respect to their own speculation.

I have said many times that Will Rogers described this in the 1930s. He talked about people who buy things they will never get from people who never had it—and in these days with money they don't possess. But it is causing dramatic damage to this county's economy when you have a bubble of speculation occur in this commodities market.

To those who say it is not happening, I would ask them to bring this chart to the floor from the Energy Information Administration and take a look at the last eight estimates of prices for energy based on supply and demand by the best people they have to evaluate supply and demand. They should take a look at what has happened to the price of oil relative to what EIA officials expected to have happen, evaluating supply and demand. If you don't get excess, unbelievable, relentless speculation out of this chart, then you don't get it at all.

Now, the proposal that has been offered is S. 3268. I indicated it requires the delineation between normal hedging of a physical product by producers and consumers as opposed to those who are engaged in pure speculation.

Then, it requires position limits that are significant against those who are pure speculators. Those position limits are very important because that is what helps wring the speculators out of this marketplace.

The proposal also increases regulation of Foreign Boards of Trade, index traders, swap dealers, and over-the-counter transactions, among other things.

It requires the Commodity Futures Trading Commission to convene an international working group to work to find ways to standardize regulation and protect the futures markets from non-legitimate hedge trading.

The proposal would also require the CFTC to use its existing authority to revoke or modify all prior actions or decisions that prevent the CFTC from protecting legitimate hedge trades and to discourage speculative trades. Inexcusably, the Commodity Futures Trading Commission itself has taken the position: Do what you want to do. We will not look. Don't worry. In fact, the evidence of that is all in what are called ''no action'' letters. Boy, what a description for a regulatory agency: no action letters. They put them out again and again and again and again, which says: Do you know what, let's blindfold ourselves. We propose we blindfold ourselves. It is unbelievable, in my judgment.

We provide that 60 days after passage of this bill, a report to Congress must be offered by the regulatory agency with respect to any additional authority they need. But we take the position the CFTC has ample authority to do all the things we have described but does not use the authority because it is not interested in regulating.

So there are a number of things we believe are important. Protecting legitimate hedge trading, that is a very important part of this market. This market is an important market. But when a market is broken or perverted or a market is a place of excess or relentless speculation that damages this country's economy, then I think we have a responsibility to take action.

Now, some will say: Well, you have to do these six things. We would not accept a bill or we would not even consider a bill that deals with speculation unless you do the other five or six things. It is akin to somebody who has a heart attack who is grossly obese, dramatically overweight. He has a heart attack and somebody says: Well, instead of working on the heart, let's work on this overweight issue. Let's try to deal with this obesity. Well, what about dealing with the heart attack first? How about dealing with the things you can deal with first that puts some downward pressure on prices?

So I expect this town now, from having filed S. 3268, will be full of people who will say: There is no speculation. Or if there is speculation, it is a minor amount. Or if there is speculation, this is the wrong remedy. Or if you take this remedy, you drive all trading overseas, which is absurd, by the way. Or if you do this, you ruin the markets. I expect we will see all those excuses.

To all those who come to the floor to say: I support conservation, I support efficiency, I support renewable energy, I support additional drilling, I say: Do you know what, I agree with all that. I agree with all that, though I do not support indiscriminate drilling everywhere. That does not make any sense to me. But I agree with a remedy that says: We should do a lot of things and a lot of things well. But I also think if all we do every 20 years is talk about more drilling, you are not talking about anything that is game changing for this country. That is called yesterday forever. Congratulations on the policy, but it is a policy that hardly begins to free this country from the shackles that bind it with respect to the current energy policy. Even as we consider all of those other issues—and we must on an emergency basis—I think we ought to take the first big step and deal with this issue of excess speculation in the market.

Again, I come back to this chart. If you don't believe excess speculation exists, then answer this question: What has happened in the last 12 to 14 months that justifies the doubling of the price of oil? Demand up, you say. No, I am sorry, that is not the case. Demand is slightly less than was expected in every one of these circumstances. So if demand isn't up, you may say: Well, but China and India, Senator DORGAN. Don't you understand that? Yes; 12, 14 months ago we understood what China and India were expected to demand at that point.

My point is aggregate demand in the United States is down slightly. China and India are up. It was expected that our demand would increase for the first 5 months of this year. In fact, we experienced increases in inventory and stocks of the supply for the first 5 months. So you cannot point—and I have never found an expert who can point—in the last 12 to 14 months, to something that has changed in any significant way in supply and demand that justifies the doubling of oil prices.

So my proposition is this: Let's deal with what most people understand to be a problem. Excess speculation is rampant and the marketplace is broken. Let's demand the regulators begin to earn their salary by thoughtful regulation with that which is prescribed in the legislation that I have introduced. Then, at the same time, we should move on to other issues for the coming decade when we ought to dramatically change the way we use and produce energy in this country—renewables, conservation, efficiency and so much more.

I see I have exceeded my time.

I yield the floor.

Mr. NELSON of Florida. Mr. President, would the Senator yield for a quick question?

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. NELSON of Florida. May I ask unanimous consent for 30 seconds to ask the Senator one question?

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. ALEXANDER. Mr. President, reserving the right to object, there will be no objection if an equal amount of time that is used by the Democratic side will be added to the Republican side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. NELSON of Florida. Mr. President, I thank the Senator for yielding. Would the Senator address the question of—in his very excellent and very compelling argument he has just made about speculation, it has been determined that speculation may be as much as one-third the cost of gasoline, even up to one-half the cost of gasoline that is as a result of speculation?

Mr. DORGAN. Mr. President, I ask unanimous consent for 30 seconds to respond, and that the Senator from Tennessee then be given an additional 1 minute.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, we have had testimony from experts who have said that this excess speculation has driven up the price of oil and gasoline, in some cases they estimate by 20 percent; in other cases they estimate as much as 40 percent. I don't think there is any question that if you look at this line—this is the line where prices have gone—that you have to conclude this has had a dramatic impact on the price. You can't see these things swing back and forth $4 and $7 and run up to $145 a barrel like some sort of wild curve, behind which there are no set of facts that would justify it. That is why it is important, I believe, for this Congress to tackle this issue.

I yield back the remaining time.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee is recognized.

Mr. ALEXANDER. Mr. President, how much time do we now have?

The ACTING PRESIDENT pro tempore. There is 36½ minutes remaining.

Mr. ALEXANDER. I intend to consume about 12. Would the chair please let me know when 10 have expired?

The ACTING PRESIDENT pro tempore. The Chair will so advise.

ENERGY

Mr. ALEXANDER. Mr. President, I wish to say first that I had the chance to hear not only the Senator from North Dakota but the Senator from New Mexico, Mr. BINGAMAN, and what was going through my mind is that this is exactly what the Senate ought to be doing every day—every day—until we have a full and complete debate about all of the causes of the current high gasoline prices, all of the solutions that we can put in place today, until we consider all of the amendments that we need to bring up, and that we come to as a result. That is what the Senate is supposed to do. It is wonderful that we have 36 minutes to get up and present our sides, but our mode of business for the most difficult problem facing our country ought not to be back-and-forth arguments, or it ought not to be just to consider one bill brought up by the Democratic leader just because he is the majority leader and can do that and not consider all of the other ideas.

I would like to hear all that Senator BINGAMAN has to say, for example, about why he doesn't like the idea of State options for offshore exploration. He is a thoughtful Senator and chairman of the energy committee. I would like to hear all that Senator DORGAN has to say about speculation. He is a thoughtful Senator and, as he said, has been willing to support more offshore exploration in some cases, and might do more.

We need to have a full debate about the extent to which speculation is a problem. For example, Senator DORGAN cited speculation as one reason we have gas prices above $4 a gallon. Republicans believe speculation is part of the problem as well. The Gas Price Reduction Act we introduced, with 44 Republican Senators supporting it—and we hope it earns significant support on the other side—has as one of its four parts speculation and putting 100 more cops on the beat to deal with it.

But we are also aware that Warren Buffett, who is invited to lunches on the other side of the aisle because he is a well-admired person who understands the market well enough to make a lot of money on it, Warren Buffett said in June: ''It is not speculation; it is supply and demand.''

The International Energy Agency, an energy policy organization with 27 member nations, says:

> Blaming speculation is an easy solution which avoids taking the necessary steps to improve supply side access and investment, or to implement measures to improve energy efficiency.

So we need to consider a full debate on the extent to which speculation makes a difference.

We believe—and we are not the first to have this idea—that the solution to $4 gasoline prices is to find more oil and to use less oil. I wasn't the best student in economics at Vanderbilt University years ago, but that is what I was taught in economics 101, that the reason gas prices are high is because we have had growing demand and diminishing supplies. Also—I will get back to this more—what we do today about future prices can make all the difference in today's prices. I am not the only one who believes that.

Martin Feldstein, chairman of the Council of Economic Advisers under President Reagan, a Harvard professor and member of the Wall Street Journal's board of contributors said in an article a few days ago: Any steps that can be taken now to increase the future supply of oil—that is finding more—or reduce the future demand for oil in the United States or elsewhere—that is using less—can, therefore, lead to lower prices and increased consumption today.

Not 10 years from now, not 5 years from now; what we plan for the future can make a difference in the prices today, and we need to be doing that.

April is a single mother of two in Sevier County, TN, who took a job 40 miles away 2 years ago so she wouldn't have to live off welfare. With gas prices rising, she is spending about $160 a week on gas and can't afford to pay all the bills. She sent me that letter in the past couple of weeks.

Dave from Murfreesboro was laid off from his job at a trucking company in Jackson because they had to declare bankruptcy. They couldn't afford the gas. The company just expanded the dispatch office and they bought new trucks when they ran out of money from rising fuel prices. He is now worried our middle class is disappearing.

Robert in Elizabethton, TN, a retired police officer, worked his whole life so he could retire. But now with gas prices so high, he says he has to cut back on his trips to the doctor and the grocery store because it has gotten so expensive.

Glenna from Lafayette is on social security and lives on a very fixed income. She can barely afford to leave